UNITED STATES MARINE CORPS
Financial Management School
Marine Corps Combat Service Support Schools
PSC Box 20041
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STUDENT OUTLINE

PREPARE AN OPERATING BUDGET

1. LEARNING OBJECTIVES:

    a. TERMINAL LEARNING OBJECTIVE: Given annual budget
guidance, a command operating plan, budget working papers,
and the references develop an operating budget to support
the command's mission and goals, and identify deficiencies
in accordance with DODFMR, Vol 2A. (3404.6.2)

    b. ENABLING LEARNING OBJECTIVES:

        (1)Without the aid of references and given written
questions, identify budget terminology in accordance with
DODFMR, Vol 2A. (3404.6.2a)

        (2)Without the aid of references and given written
questions, identify what is contained in the budget call
from HQMC in accordance with MCBul 7100 Series. (3404.6.2b)

        (3) Without the aid of references and given written
questions, list the items to be considered when computing
fund distribution in accordance with MCBul 7100 Series.
(3404.6.2c)

        (4) Without the aid of references and given various
expenses, identify the staff section responsible for
budgeting an expense in accordance with local unit SOPs.
(3404.6.2d)

        (5) Without the aid of references and given written
questions, identify the steps involved in the comptroller
analysis of the budget submission in accordance with MCBul
7100 Series. (3404.6.2e)

(6) Without the aid of references, given annual budget guidance and budget working papers, create an operating budget in accordance with DODFMR Vol 2A. (3404.6.2f)

OUTLINE

1. OVERVIEW OF THE BUDGET

    a. The federal budget is the most important document out of Congress each year. It is a highly politicized, very complicated and lengthy document. The budget is the President's agenda for the upcoming year.

    b. The executive branch of the government is responsible for preparing the federal budget that includes funds to run all departments and agencies in the government. By law, the President must present the federal budget to Congress each year following the State of the Union Message. Congress must approve the federal budget and enact or pass it into law as the Appropriations Act. This is necessary because the funds to finance the budget requirements are in the Treasury of the United States.

2. BUDGET TERMINOLOGY

Before we can continue with discussions on the budget, there are several terms related to budgeting that may be unfamiliar. While these terms are not of a highly technical nature, there are certain words and phrases with which everyone should be familiar:

    a. Financial ceiling - The upper limit of funding authorized a unit for a fiscal year. The ceiling is necessary in budget formulation for planning purposes and in budget execution to establish the legal maximum spending authorized.

    b. Deficiencies - Any requirements identified in the budget submission that are above ceiling.

    c. Monthly Phased Obligation Plan (Spending Plan) - The Monthly Phased Obligation Plan is a spending plan which is forwarded to higher headquarters, either by the subordinate units to the command comptroller, or by the command comptroller to higher headquarters. The breakdown is by month, quarter, fiscal year, and type of fund

(Requisitional Authority and Planning Estimate which will be explained shortly).

The plan encompasses a breakdown of all funds allotted during a fiscal year. How we determine what month gets what portion of the yearly allocation is to take the amounts submitted by the units in their spending plan and include those amounts in the command spending plan. Another way to develop a spending plan is to take a percentage by quarter of all funds and spread it out evenly by month, giving added weight to those months where spending has traditionally been more intense.

     d. <u>PE Dollars</u> - Stands for planning estimate or "hard dollars". PE funds pay for daily operations of a command and will result in an actual charge against an appropriation as liquidations post.

     e. <u>RA Dollars</u> - Stands for Requisitional Authority or "soft dollars". Units use RA dollars to requisition supplies and material from the SASSY Management Unit (SMU). Most units in the operating forces receive the majority of their supplies, materials and equipment from the SMU, which buys them with PE funds. Units authorized to draw supplies and material from the SMU will submit an RA budget submission as part of their budget package. The SMU will receive PE dollars matching the command's RA budget.

     f. <u>Budget Formulation Phase</u> - is a term used to identify that part of the budget cycle which includes all the actions performed in the development of estimates and the review of estimates by commands. This process includes

        (1) issuance of technical guidance;

        (2) estimating of resource requirements to meet mission objectives;

        (3) preparation of budget documents (working papers);

        (4) preparation of special exhibits;

        (5) reviews/adjustments.

g. <u>BY</u> - Budget year is the forthcoming fiscal year for which an activity prepares a budget within assigned ceilings.

h. <u>BY+1</u> - Budget year plus one is the first year beyond the forthcoming BY for which the activity prepares a budget, also assigned funding constraints.

i. <u>Budget execution phase</u> - This phase begins upon receipt of the approved Operating Budget. This phase encompasses all the actions required to accomplish effectively, efficiently, and economically the various programs. If a command does not receive its authorization before the start of the fiscal year and has authorization to continue spending under a Continuing Resolution, then a good practice is not to exceed the authorization of the same quarter of the previous fiscal year. The execution phase overlaps the formulation and reprogramming phases. This occurs because a budget is always in the process of being executed. It is during this phase that management will monitor spending against previously budgeted amounts.

j. <u>Reprogramming phase</u> - Changes in the application of financial resources from the purpose for which originally budgeted. Reprogramming includes actions at any level to reallocate or redistribute resources among budget categories, (e.g., Cost Account Codes). The most intense effort of reprogramming occurs during the midyear review process, which occurs during February through April. Reprogramming is essential to ensure that required missions can be accomplished with a limited amount of funds.

k. <u>Other budgetary terms:</u>

   (1) Accrual basis of accounting;

   (2) Appropriations;

   (3) Authorization (authorizing legislation);

   (4) Biennial budget;

   (5) Budget amendment;

   (6) Budget authority;

   (7) Closed (canceled) accounts;

4

(8) Disbursements;

(9) Expired appropriations;

(10) Fiscal year;

(11) Obligations;

(12) Outlays;

(13) President's budget;

(14) Program Budget Decision (PBD);

(15) Reimbursements;

(16) Sequestration;

(17) Total obligational authority (TOA) available.

3. BUDGET PHASE OF PPBES

a. The budget is nothing more than a plan for how a command intends to spend funding to accomplish assigned missions. The budgeting phase begins with a "budget call" from Headquarters. The budget call will normally be for two fiscal years.

b. The budget call from HQMC will contain the approved ceiling tracks for the command based on the approved Programs Decision Memorandum which is contained in the FYDP and created during the previously discussed programming phase of PPBES. The ceiling tracks provided will contain the maximum amount of money authorized to the command for preparing its budget. The ceiling track amounts are also referred to as the "Command's Budget Estimate Amounts." Command budget estimate amounts are based on the command's approved POM submission. The process by which approved PDM's become the Budget Estimate Amounts is know as the "POM to Budget Handoff".

c. The budget call from HQMC will also contain information on preparing the required budget, called Budget Guidance. The purpose of budget guidance is to provide detailed guidance, instructions, and information for the preparation and submission of budgeting estimates. It

identifies mandatory minimum levels of funding in certain programs, "floors", and generally guides commands into identifying all the requirements that need funding. This goes from the items that are very significant to mission accomplishment, to the "nice to have" items which may assist the commands in the accomplishment of their missions.

d. Due to the Marine Corps being part of the Department of the Navy (DoN), we receive our budget guidance and appropriations from the Secretary of the Navy (SecNav). The budget flows through the following channels:

(1) Department of the Navy (DoN) publishes guidance for the entire Naval Force.

(2) Upon receipt of guidance from DoN, the Fiscal Director of the Marine Corps publishes guidance for the Commandant of the Marine Corps (CMC) to all Marine Corps commands.

(3) COMMARFORLANT and COMMARFORPAC publish guidance to their subordinate commands. Those subordinate commands in turn publish guidance to their individual fund administrators.

(4) Marine Corps Districts, Reserve Commands, MCLB Albany, etc., which do not fall under the cognizance of COMMARFORLANT or COMMARFORPAC, will receive their guidance directly from Headquarters Marine Corps.

(5) COMMARFORLANT and COMMARFORPAC consolidate their subordinate commands' budgets, and submit their consolidated budgets directly to Headquarters Marine Corps (HQMC).

(6) All other commands submit their budgets directly to HQMC.

(7) Upon receipt of appropriations by CMC, usually at the beginning of the fiscal year but not later than the end of the second quarter, fund authorizations are prepared and forwarded through channels to the various commands. Authorizations may be received by the quarter or for the entire fiscal year.

e. The budget is a means of two-way communication, and for it to be most effective in this role, budget preparation

should begin at the very lowest levels of responsibility within the activity. Planning and guidance come from the top down, the budget from the bottom up. It should be a process with built-in feedback.

4. PREPARE LOCAL BUDGET GUIDANCE

   Utilizing the guidance from higher headquarters, local Commands develop local budget guidance for their subordinate units. Budget guidance is tailored to address the mission and requirements of the command. Some things to be considered/included when preparing local budget guidance are:

   a. Analyzing Financial Ceilings.

      (1) Financial ceiling - The upper limit of funding authorized a unit for a fiscal year. It is used in budget formulation for planning purposes and in budget execution to establish the legal maximum spending authorized.

      (2) When a command receives budget guidance, it will contain a financial ceiling for that command. We must analyze the ceiling and then distribute it to subordinate activities in the guidance we will publish. The following are areas or restrictions the command may receive in the financial ceiling that must be analyzed.

         (a) Ceilings within ceilings: These are limits on the amount of the ceiling that can be budgeted for certain areas of cost. Examples might include TAD, training, and materials & services.

         (b) Floors within ceilings: These are minimum amounts of the ceiling that have to be budgeted for certain areas of cost. Some of these expenses are utilities, civilian manpower, and maintenance of real property.

   b. Computing Fund Distribution.

      Since we send the budget guidance to subordinate activities, it is necessary to compute how we will distribute the financial ceiling. This process will establish a financial ceiling for those subordinate units, thereby establishing a limit on the funds available to these units for budgeting. Aside from the obvious financial limitation of the over all Budget Ceiling, there are certain

items that we must consider when computing fund
distribution.

     (1) Fixed Costs: Fixed costs (or indirect costs) are
those must fund costs that vary little with the amount of
activity or volume of work. Some examples include Civilian
Labor, Utilities, Quality of Life Programs, Environmental
Compliance, and Mess Hall Contracts.

     (2) <u>Prior budget ceilings</u>: The budget ceilings that
were established for the subordinate units in prior years.
This can give a "ball park" estimation to begin computing
the distribution of the funds. It gives a breakdown of what
percentage of the overall ceiling went to which units in
prior years.

     (3) <u>Prior Spending (Execution)</u>: This is how the
subordinate units spent their prior year's budgets. It will
show which units were short of funds and which units had
money left over. It gives a good view of the spending
history of a unit. If a unit has a history of being
wasteful in it's spending, it may suddenly find itself short
in its budget this year. But the opposite may hold true for
a unit with a good spending history, particularly if it has
an unfunded requirement that is of relative importance to
mission accomplishment.

     (4) <u>1-Time Funding (Prior Year)</u>: This was funding for
a special purpose, usually not on a recurring basis. Some
examples would include initial issue items, new equipment
phase-ins, and changes to the equipment allowances for a
unit.

     (5) <u>Changes in Mission Statement</u>: If the mission
assigned to the unit changes, it can dramatically affect the
financial needs of that unit. The changes may mean an
increase or decrease in personnel, equipment levels, or
training requirements. All of these have a direct impact on
the financial aspects of the unit.

     (6) <u>Established Floors and Ceilings</u>: The floors and
ceilings established by higher headquarters. Being limited
in the amount of funds a unit can designate for TAD can have
an impact on how a unit sends its personnel for training.

   c. <u>Highlight Significant Events</u>.

(1) The only thing that is consistent in the Marine Corps is change. Therefore, it is extremely important to include in budget guidance any events or changes that will affect the financial plans of subordinate units. This will enable them to prepare their budget submissions effectively. It will also provide the units with information to help them meet mission requirements with limited resources. Some areas included in budget guidance are as follows:

(a) Potential conferences: A list of conferences that the units may attend. This will include the dates and locations of the conferences.

(b) Training Exercises Employment Plan (TEEP): This plan, normally produced by the G-3, lists significant training exercises and evolutions in which the units will participate, any changes in the training exercises or evolutions to include changes in dates, time lengths, equipment, and personnel requirements from the previous years plan.

(c) Phase-in of new equipment: This is information regarding the implementation of new equipment to include due dates for the phase-in, stock levels of the new equipment, and the cost of the new equipment.

(d) Changes in Table of Equipment (T/E): This covers any changes in the table of equipment for any subordinate unit, to include changes in the stock levels maintained on hand or in storage, and the elimination of certain equipment.

(e) Civilian Manpower Levels: This area would include any changes in the civilian personnel levels, and any raises in pay and benefits.

(f) Changes in mission statement: This would include any changes in the mission of a subordinate unit. This particular area could affect some of the areas already covered. A change in mission statement may mean a change in T/E, require a phase-in of new equipment, or result in new training requirements.

(2) The above is a sample of things to consider when highlighting significant events that will have an impact upon units covered by the budget guidance. As you can see, they cover a wide array of subjects. A number of factors

will dictate the events included in any budget guidance. Requirements from higher headquarters, mission assignments, and local SOP are some examples.

    d.   <u>Listing Required Exhibits</u>.

    (1) When we need someone to provide us with information for a report, we ask them to put it in a certain format. This helps us to assimilate the information quicker. It also gives us reference material for our report. The same holds true for budget guidance. The reason we are sending out the guidance is to receive information back so we can send the budget information required of us to higher headquarters.

    (2) In order for subordinate units to provide us with information, we must tell them what information we need and what format to put it in, that is, how to create a budget exhibit.

    (3) There are two types of exhibits. They are Program Package Exhibits and Special Exhibits.

    (a)<u>Program Package Exhibits</u>: These exhibits Contain narrative and financial summaries of the O&M,MC and O&M,MCR budget submissions. They arrange the functions that make up a command's operations into program packages that relate to specific events. Higher authority dictates the format for program packages; therefore we cannot modify them. Contained in MCO P7100.8, Field Budget Guidance Manual, are the requirements for all program package submissions for each OPBUD/SUBOPBUD holder. An activity will use the program package submission(s) which apply to them. In other words, certain activities will submit certain program packages according to the functions that they perform. MCO P7100.8 also contains plain-language definitions of program packages.

    (b) <u>Special Exhibits</u>: These exhibits provide detailed information that is specific to the commands' activities. These special exhibits can cover a wide array of areas, such as Formal Schools Training, Travel, POL, Appropriated Support of Non-Appropriated Activities, ADP Requirements, Minor Property Requirements, Allocated Reimbursements, and Deficiency Packages. The special exhibits that you produce will vary from command to command and from echelon to echelon. A key point to remember is to

include instructions on how to fill out the exhibits and what to include in the exhibits.

(4) Required Reports/Exhibits. Each year the Office of Management and Budget (OMB) issues Circular No. A-11 which addresses the preparation and submission of budget estimates for all Federal Agencies. The requirements from OMB are included in the guidance on budget preparation received from Headquarters Marine Corps. OMB requires many reports and exhibits to request funding in the budget. These reports and exhibits reflect general information at the appropriation and subhead levels to very detailed levels of information such as the funding support required for environmental programs. DoD Financial Management Regulation, Volumes 2A and 2B, contain the instructions and formats for all reports required by OMB in the budget submission. We will not cover all the reports required by OMB, but several of them are standard, regardless of which you are working in an FMF unit or a post and station. These are the OP-01, OP-05, and OP-32 reports.

(a) OP-01 Summary of Operation and Maintenance Funding Requirements by Budget Activity and Activity Group: The OP-01 is a relatively simple budget report. It contains a breakdown of funds requested at the major levels of Budget Activity (such as 1 for operating forces, 3 for training and recruiting, and 4 for service-wide activities) and Activity Group. SABRS creates this report in the formulation subsystem based on the Fund Code in the FIP.

(b) OP-05 (Part 1) Budget Activity Summary and (Part 2) Detail by Activity/Sub-Activity Group: This report serves several purposes. First, it reflects requirements by appropriation, budget activity, activity group, and sub-activity group code. Second, it reflects specific operations and maintenance funding requirements for JCS exercise program, base operating support, transportation program, real property maintenance and minor construction, and training costs. Finally, the OP-05 reflects reconciliation on increases and decreases required by the programs cited in the report. The OP-05 and required exhibits provide essential information for justification of major operation and maintenance programs in the OSD and President's budget estimate submission.

(c) OP-32 Summary of Price and Program Changes: This report is a basic summary of all expense types incurred

under the Operations and Maintenance appropriation. The report reflects the amounts required for future years and reflects the amount of increase or decrease of these programs when compared to an actual base year.

        (d) There are more required reports and exhibits than the three that have just been discussed. Depending on the type of unit that is creating the budget (FMF or Post/Station), other reports will be required. Some of these reports are

                (a) OP-8 Civilian Personnel Cost report;

                (b) OP-14 Individual Training Data report;

                (c) OP-26A-C POL Consumption and Costs report;

                (d) OP-27 Real Property Maintenance (RPM) Activities report;

                (e) OP-34 Appropriated Fund Support for Marine Corps Community Services (MCCS) report.

   e. Establishing a Due Date.

     (1) The reason we send out budget guidance is to receive back from subordinates, information that we need to make our budget submission to a higher authority. This higher authority is going to require our budget submission by a certain date. Therefore, it is necessary for us to establish a date for our subordinates to have their budget submissions to us. There are two items to consider when establishing this due date.

            (a) The due date for our submission: Keep in mind that this is the date the higher authority wants the submission in hand. You must allow for transit time and unforeseen delays.

            (b) Processing time: This is the time it will take you to process all the submissions received from subordinates. You must allow time to consolidate the information into your own submission, and to get the submission approved.

     (2) Once you have established the due date, do not forget to include it in the budget guidance. If it is not

in the guidance, then subordinates won't know when you want their submissions.

5. <u>PUBLISHING THE GUIDANCE</u>

     a. The process of publishing the guidance will vary from command to command, and at each echelon. The key thing to remember is that you must publish and distribute the guidance promptly. Giving subordinates enough time to generate proper budget submissions will not only benefit them, but you as well. If they have sufficient time to produce a good budget submission, it will be much easier for you to consolidate the information. Remember to promulgate the guidance to all staff sections, budget execution activities, and budget execution sub-activities that have a play in financial matters for the command.

     b. <u>Staff Sections</u>. We must distribute the budget guidance to the activities within the command. These activities are normally the "G-Shops" (G-1 through G-6). On the FMF side, the staff sections must forward the budget to fund administrators to get the information needed to complete their submissions. On the base or station side, the staff sections <u>are</u> the fund administrators.

          (1) They will match their requirements against the ceilings established in the guidance. They must also prioritize their requirements. Besides analyzing and prioritizing requirements, they must also identify any deficiencies they may have. A deficiency is any requirement identified in the budget submission that is above ceiling. A deficiency is an unfunded requirement. Along with identifying deficiencies, they must prioritize and write justifications for the deficiencies.

          (2) The following is a breakdown of the "G-Shops," showing their functional areas, information required from them, and the effect these areas can have on the budget.

               (a) <u>G-1</u>: The G-1 is responsible for a variety of areas. One area is personnel (i.e., manpower). This includes maintaining personnel levels for all commands under its cognizance, ensuring there are enough personnel for upcoming exercises and operations, and any other cost incidental to the personnel participating in the exercises or operations. Another area of concern is administration, which deals with the administrative support of personnel.

TDY is another area tasked to the G-1. This includes planning and budgeting of TDY for operations, exercises, and conferences. The budget breakdown for these trips is by the classification of the TDY, to include such things as Site Visits, Information Meetings, Training Attendance, Special Mission Travel, Recruiting, Audit and Inspections, and Troop Movement.

       (b) G-2: The G-2 deals with budgeting for supplies required for intelligence operations. The operations may be intelligence or counter-intelligence operations. The G-2 does not budget for the personnel involved in the operations; G-1 handles personnel. The G-2 will need to maintain contact with the G-1 in planning operations to arrange for any TAD trips or any other personnel requirements. The supplies budgeted for may include such things as books, manuals, maps, intelligence-gathering equipment, etc.

       (c) G-3: The G-3 is tasked with budgeting for all training requirements and any exercises, to include any CMC, FMF, or JCS-directed exercises. Many times the sponsors (CMC, FMF, JCS) will fund the exercises, but there will always be some costs to the command. The G-3 will have to budget for all costs (except personnel) of locally directed exercises, daily operations, and floats or deployments. Again, G-1 handles personnel, therefore, the G-3 will need to have good communication with the G-1 concerning operations and exercises. This will be essential for budgeting TAD that normally occurs with exercises.

       (d) G-4: The G-4 handles supply and embarkation. The G-4 will budget for the embarkation portion of exercises. This can include the costs of on-loading or off-loading ships or planes and inland transportation. The G-4 will budget for all kinds of fuel, transportation of things, and transportation of people. The G-4 will also budget for supplies and materials required by all units under its cognizance. This includes the warehousing costs involved with maintaining supply stock levels. Additionally, the G-4 is responsible for identifying and budgeting for new items of equipment that are being phased-in. The G-4 will also budget for maintenance of equipment items. Additionally, the expenses of Motor Transport equipment and supplies (e.g., replacement parts, POL, tires, etc.), will be in the budget. The G-4 also budgets for engineering equipment and medical/dental

costs. Not all the costs associated with medical and dental expenses are in the budget submission from G-4. Medical and Dental facilities also receive money from the Navy (Blue Dollars). It is easy to see that the G-4 has the lion's share of budgeting responsibilities. Therefore, it must maintain constant contact with other staff sections during the budget formulation.

        (e) <u>G-5</u>: The G-5 deals mostly with the area of drug and alcohol rehabilitation. A certain amount of money for each man-hour expended by drug and alcohol rehabilitation counselors must be in the budget. The old adage "time is money" applies here. The G-5 must budget for the books, research materials, information pamphlets, and possibly the rental of off-base facilities. It is also necessary to budget for the testing facilities for urinalyses. At certain commands, the career planner may fall under the responsibility of the G-5. In this case, the G-5 would be responsible for budgeting for the costs associated with the career planner. Normally, the career planner falls under the control of the G-1.

        (f) <u>G-6</u>: The G-6 budgets for all costs associated with communications and electronics. This would include costs for automated data processing (ADP) equipment and service maintenance contracts. As an example, for a post or station unit, the costs may be for telephone service, equipment, and maintenance. If it is an FMF unit, the costs may be for field phones, communication wire, or the equipment to repair either one.

6. <u>CONSOLIDATE AND VERIFY UNIT BUDGET INPUT</u>

    a. <u>Staff Sections</u>. Upon receipt of the units' submissions, the G-shop staffs will consolidate the information. They will analyze the submissions for validity, and eliminate any requirement that is not valid. After the validation process, the staff will prioritize the requirements. This is necessary to identify those needs or requirements within the financial ceiling that was in the budget guidance. Those items that are above the ceiling but are still necessary to mission accomplishment become deficiencies. The staff must now determine which deficiencies have top priority and which are "nice to have" items, that is, prioritize the deficiencies. Besides prioritizing the deficiencies, the staff must also produce a justification for each deficiency. Justifications are

prepared to tell higher headquarters why a deficiency should receive funding consideration and the impact if not funded. After analyzing, identifying, prioritizing, and justifying, the staff now prepares the actual exhibits. The format and the content of the exhibits themselves are going to vary. The thing to remember about the exhibit is that it is going to convey to the Comptroller the tempo of operations within the command. It will let the comptroller know who needs what, when, and how badly. It also conveys to the Comptroller who has their requirements met, who needs more funds, and who is over in funding.

    b. Comptroller Analysis. There are a number of steps involved in the analysis of the budget submissions. It is not just looking at numbers and exhibits. It deals with consolidating information and getting the budget ready for presentation to the Commanding General. Keep in mind that the Comptroller cannot say who will get their requirements funded and who will not; that is up to the Commanding General. Let's take a look at the breakdown of the analysis portion of preparing budget inputs.

    (1) Review dollar amounts: This involves analyzing the dollar figures in the exhibits. This is necessary to check the validity of the numbers, ensuring that the exhibits balance out and checking to see that dollar amounts in the requests are reasonable and not exaggerated. This will also tell the Comptroller who is within their budget limit, who is over, and who is under. It is from this information that the comptroller will decide what recommendations to make to the Commanding General. For example, if the G-4 is over in it's funding and the G-3 is short, the Comptroller may recommend giving the excess of the G-4 to the G-3.

    (2) Consolidate exhibits: The Comptroller will consolidate all exhibits into the budget exhibits required by higher authority. These are generally the same exhibits that the Comptroller required of the various sections. Keep in mind that not all the sections completed the same exhibits. Some may have left out information that does not apply and others may have supplied more information than necessary. It is the Comptroller's job to work all the information received into the exhibits required of the Comptroller.

(3) Prioritize requirements: After consolidating the exhibits, the Comptroller will review the requirements and place them in priority sequence utilizing his/hers knowledge of the financial needs of the command. As stated earlier, the Comptroller cannot say who gets their requirements funded. It is the Comptroller's job to determine which requirements should receive top priority. Later on, the Comptroller will present recommendations to the Commanding General, and the Commanding General will make the decision as to which requirements receive higher priority. If all the requirements are not within the ceiling, those having a lower priority will be moved into the category of deficiencies. Prioritizing the requirements will also provide the Commanding General with a summary of what the command can accomplish within the ceiling.

(4) Prioritize deficiencies: As stated earlier, any requirement above the current financial ceiling will become a deficiency. It then becomes the Comptroller's job to recommend which deficiencies should receive top priority and which are "nice to have" items. This will become the Comptroller's recommendation to the Commanding General of which deficiencies should receive funding if extra moneys were to become available. Again, the Comptroller cannot arbitrarily throw out a section's deficiency. Due to the close working relationship between the Comptroller and the Commanding General, the Comptroller will have a strong knowledge of the operations of the command. With this knowledge, the comptroller will make the recommendations for the deficiency priorities. If the Commanding General is big on the purchase of new equipment, then that area will receive higher priority. If it's on training, then training requirements will receive higher priority.

(5) Prepare justifications: Upon receipt of the exhibits from the sections, the Comptroller must write justifications for the various areas of costs. These areas can include such things as
ADP equipment, TAD, training, maintenance of equipment, and administrative operations. The Comptroller will write one justification for each area of cost, by consolidating the justifications from the sections. The Comptroller will review the consolidated justifications and use the information contained therein to produce a consolidated justification for each area of cost. The sections may have already written a justification that will serve for that area of cost.

7.   SUBMIT/BRIEF OPERATING BUDGET

     a.   During the analysis phase, the Comptroller has
consolidated the information from the sections and prepared
the exhibits as required by higher authority. Now the
Comptroller will put all of this information into a budget
package to present to the Commanding General for his review.
Once the budget package is complete, the Comptroller will
take it to the Commanding General and brief him on it. This
is because the Commanding General does not want to sign a
budget package without knowing what's in it, although the
Commanding General does not intend to sit down and read
every line within that budget package. Listed below are
some highlights of the Comptroller's brief to the Commanding
General.

          (1) How much money the command received from higher
authority.

          (2) What command mission requirements are within the
financial ceiling.

          (3) What the various sections (G-1 through G-6) can
do within the ceilings established for them.

          (4) What recommendations the comptroller has
concerning funding essential mission requirements,
deficiency priorities, and other aspects of the financial
functions of the command.

     b.   Once the Comptroller has completed the brief, the
Commanding General will make any changes as deemed necessary
to the budget package. After the brief, the Comptroller
will make any changes or corrections to the budget package.
This may require going back to the sections and advising
them of changes in their financial status and receiving a
response from the new information. After making all the
necessary changes, the budget package is resubmitted to the
Commanding General for signature. Once the Commanding
General signs the budget, it is necessary to make copies
before forwarding to higher authority.

8.   REALIGNMENTS

     The realignment of funds plays a major role in meeting
the budget requirements for the current year. Remember that

the budget inputs we have prepared are for future budget years. During the current year many things can change. Not every budget estimate is going to be exactly right. Some units are going to go over their budget, and others may not use all of their funds. It is in these instances where realigning the funds comes into play.

9. <u>REFERENCES</u>

    The administration of the budget process is extremely complex. Because of this, a large number of orders and directives have been published to ensure proper management. We will now discuss those references that you will be using most often.

    a. <u>MCO P7100.8, Field Budget Guidance Manual</u>: The primary reference used throughout the Marine Corps for budget formulation. This manual provides guidance and instructions for the preparation of Operations and Maintenance, Marine Corps (O&M,MC) and Operations and Maintenance, Marine Corps Reserve (O&M,MCR) budget submissions, and for the submission of investment-type item requirements chargeable under the Procurement, Marine Corps Appropriation (P,MC). MCO P7100.8 provides general budget guidance. However, specific information and guidance necessary to prepare annual budget and Midyear Review submissions under the appropriations O&M, MC and O&M, MCR will be in the annual Field Budget Guidance Bulletins in the 7100 series.

    b. <u>DoD Financial Management Regulation, Volume 2A and 2B</u>: These volumes of the DoD FMR contain all the required formats, reports, and exhibits that are required for budget submissions of all appropriations contained within DoD.

    c. <u>NAVSO P3006 Financial Management of Resources</u>: The NAVSO P3006 provides guidance for Operation and Maintenance appropriations used by shore activities. Chapter 3 of the manual covers Field Budgeting. Because of the dynamics of the operating budget process, material presented provides a general orientation on principles of budgeting.

    d. <u>FINANCIAL MANAGEMENT SOPs</u>: Standard Operating Procedures come from the local command Comptrollers. These local SOPs provide more detailed instructions on accounting, budgeting, and financial management as they apply to a particular command.

e. BUDGET GUIDANCE 7100 SERIES: Local Comptrollers will publish this either as an order or a bulletin for their particular commands. Local budget guidance is the primary source of detailed information concerning your unit's budget estimate. This guidance will direct you to initiate preparation of the budget estimate for submission to higher headquarters. These bulletins will contain specific information, such as civilian personnel levels; annual training requirements to include all exercises to be conducted; Headquarters Marine Corps-sponsored conferences; phase-in of new equipment; financial ceilings; and other information and guidance required to develop annual budget estimates for your unit. At a minimum, this guidance will provide the following information:

(1) The applicable Budget Year (i.e., Fiscal Year). Keep in mind that this is not the current Fiscal Year but the next.

(2) A due date for submission of unit budgets.

(3) References that will assist in preparation of the budget estimate and those used in the actual preparation of the guidance itself.

(4) Basic submission requirements that include budget functional categories. Functional categories are major areas of cost (Program Packages).

(5) Changes in funding requirements such as:

(a) Increases or decreases in financial ceilings.

(b) Troop end-strengths

(6) Usually, a list of applicable Object Class/Sub-Object Class (OC/SOCs) will also be included.

REFERENCES:

1. DoD Financial Management Regulation, Volume 2A and 2B
2. NAVSO P3006 Financial Management of Resources
3. MCO P7100.8, Field Budget Guidance Manual
4. BUDGET GUIDANCE 7100 SERIES

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